

**A STRATEGIC FORMULATION PROCESS FOR STRATEGIC PLANNING--THE
SALEM NEW HAMPSHIRE FIRE DEPARTMENT**

EXECUTIVE FIRE OFFICER EXECUTIVE DEVELOPMENT

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ABSTRACT

The author of this applied research project asked three questions to determine what type of criteria for strategic formulation and planning should be developed. First, What are the strategic formulation process criteria for public and private organizations? Second, What are the strategic formulation process criteria for fire departments of similar size? Third, What are the strategic formulation process criteria for the Salem Fire Department? The author of this applied research project utilized the action research approach to identify the criteria and guide his research in order to provide answers to the research questions. The procedures utilized for this project were based those current national recognized authors of strategic formulation and planning. Articles in business and fire service trade magazines and previous Executive Fire Officer applied research projects were reviewed for information pertaining to this applied research project. An interview was conducted with the Chief of The Salem Fire Department. Additionally, the author researched and identified those criteria for strategic formulation and planning currently in use for both public and non-profit organizations. Research was conducted on what fire departments with similar size are using for criteria strategic formulation and strategic planning. Finally the author defined what the Salem Fire Department criteria would be for our strategic formulation process for strategic planning. The author of this applied research project has developed recommendations based upon the results of his research. The findings support the establishment of criteria for strategic formulation and planning for the Salem Fire Department.

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INTRODUCTION

Our challenge, as today's leaders in the fire service, is to create a vision for the future and to make it happen. The only way we will be able to accomplish this is through a Strategic Planning Process (Wallace, 1998, p. 6).

Peter Drucker defined Strategic Planning as "the continuous process of making present entrepreneurial (risk-taking) decisions systematically and with the greatest knowledge of the futurity; organizing the efforts needed to carry out these decisions; and measuring the results of the expectations through organized, systematic feedback" (1974, p. 125).

The problem is the Salem Fire Department does not have a strategic formulation process for developing a strategic plan. The purpose of this applied research project is to create the strategic formulation process for developing a strategic plan for the Salem Fire Department.

Action research methods were employed to answer the following questions:

What are the strategic formulation process criteria for public and private organizations?

What are the strategic formulation process criteria for fire departments of similar size?

What are the strategic formulation process criteria for the Salem Fire Department?

BACKGROUND AND SIGNIFICANCE

Since the creation of the Salem Fire Department in 1906 the organization has not incorporated any specific strategic formulation process for creating a successful future. The fire department has evolved from a loose bunch of volunteers with buckets, hoses, and horses to a technologically advanced organization. The fire department has never achieved a higher approval and satisfaction rating for delivering services to its customers than it has today. The community's citizens and customers view the Salem Fire Department personnel to be competent and professional in the way the organization achieves its mission.

The past history of planning by crisis is no longer acceptable in today's professional business arena. A historical review has shown that all it was able to do was plan from week to week, not strategically or long-term. This outdated philosophy caused the department to fail to meet the ever changing needs of the community and the fire service. This miscalculation was very costly to the department. In 1997, due to budget cuts and lack of strategic planning, the Salem Fire Department faced a major reduction in its labor force for the first time in its history. The department's officer ranks were reduced by 50% and four firefighters were laid-off. This had a detrimental effect on the organization as a whole. If it had a strategic plan in place it could have foreseen this event coming and had a plan to minimize the potential damage to the organization. By following the process of strategy formulation it could have provided the creativity and synthesis to be successful in meeting this mandate from the community. Strategy formulation should be viewed as entrepreneurial process, and strategy is associated with the vision of the leader (Koch, 1999, pp. 1-2). This new vision should allow it to be very successful in the future in meeting the ever-changing emergency services needs of our community.

The Salem Fire Department is facing a unique and trying time of transition. Given the average service time and age of its fire department personnel the department is going to face retirements of more than 70% of its personnel in the next 5 years. This massive retirement will affect all ranks within the work force. In addition, the department is continuing to change to meet the community's needs. The Town of Salem will be building a brand new fire station in the west end of our community and replacing one in the north end of our community in the next 4 years. With this dramatic change the department will be adding additional personnel and equipment.

To be successful in meeting these challenges, our process of strategy formation will be one of conceptual design, and formal and systematic planning based on leadership visioning by

its fire personnel. This deliberate strategy will focus on making sure its managerial intentions are realized in the department's appropriate functions and action's.

Strategy was once defined as "the art of planning and directing military movements and operations of war." In business, a strategy maps out the future; setting out which products and services you will take to which markets-and how. (Bruce & Langdon, 2000, p. 6)

Based on the research the author of this applied research paper has defined Strategic Formulation as the important and/or essential parts (strategy) of a plan of action, which is expressed in systematic terms and concepts.

In summary, the Salem Fire Department will incorporate a strategic formulation process for strategic planning. This new strategic planning process will follow the philosophy of strategic planning as described in the National Fire Academy Executive Student Manual (National Fire Academy, 1998, 10-31). This new philosophy will dictate how we will develop our new critical strategies and action plans to support the department's new directions and mission.

LITERATURE REVIEW

The purpose of this literature review is to identify, evaluate, and compare current best practice approaches for a strategic formulation process to strategic planning.

The first question to be addressed was what are the strategy formulation process criteria for public and private organizations. According to Robert (1998, p. 22) "The word strategy has a military origin, it comes from the Greek work strategia, which means office of the general." In the old business arena strategic thinking meant the objective set by the Chief Executive Officer (CEO), Chief Financial Officer (CFO), or the Chairmen of the Board of Directors. Today strategic thinking and planning is a process conducted by a team of core players that shape an organization's future. During my research I found numerous models for strategic planning each

with varying numbers or elements of completion. First and foremost, The Breakthrough Strategic Planning process as describe it the book *Beyond strategic vision: Effective corporate action with Hoshin planning* Michael Crowley & Ellen Domb (1997) explains four major phases of strategic formulation. In his book *Strategic Planning for Public and Nonprofit Organizations*, John Bryson (1995) recommends a ten-step strategic formulation process (pp. 22-23). But Leonard D. Goodstein, Timothy Nolan, and William Pfeiffer (1993) advocate a nine-step strategic formulation process in *Applied Strategic Planning* (p. 9). In his book *Strategic Planning: What Every Manager Must Know* (1997), George Steiner describes numerous systems, admitting, “the variations of strategies for planning are indeed numerous” (p. 33).

The second question to be addressed is what are the strategic formulation process criteria for fire departments of similar size? During my research of strategic formulation processes for strategic planning I found The National Fire Academy teaches the Applied Strategic Planning Model developed by Dr. William Pfeiffer and associates. There are other models used throughout fire organizations across the country. Some of the processes include, Strategic Planning Systems, Stakeholder Management Approaches, Competitive Analysis, Strategic Issue Management, Strategic Negotiations, Logical Incriminations, Strategic Planning Model for Innovation, and Strategic Planning for Nonprofit and Public Agencies (Wallace, 1998, p. 6). The model I found most often used by was the 12 steps outlined in Mark Wallace’s book “*Fire Department Strategic Planning, Creating Future Excellence.*”

The third research question to be addressed is what are the strategic formulation process criteria for the Salem Fire Department? The Salem Fire Department will use a combination of nationally recognized criteria for the strategic formulation process. The strategic formulation process criteria will follow the idea of Walt Disney “ I dream, I test my dreams

against my beliefs, I dare to take risks, and I execute my vision to make those dreams come true” (Capodagli & Jackson, 1999, p. 1).

PROCEDURE

The purpose of this applied research paper was to define and identify criteria that could be used to develop a strategic formulation process for strategic planning for the Salem Fire Department. The action research approach was used to identify the criteria and guide my research in order to provide answers to the research questions.

The criteria used to help focus on and identify information that could be used in this applied research project during the literature review was first, the information had to be relevant to the subject and the purpose of this project. Second, the information should be as current as possible. Third, if the research identified criteria relevant to this project, they had to be professionally recognized business and fire service standards.

A four-step process was used to conduct the action research for this applied research project. First, current nationally recognized authors were researched for strategic formulation criteria for strategic planning begun at the National Fire Academy’s Learning Research Center in June 2001. Two subsequent literature reviews were conducted at Barnes and Nobles Bookstore in Salem, New Hampshire in July 2001. Articles in business and fire service trade magazines and previous Executive Fire Officer applied research projects were reviewed for information pertaining to this applied research project. In this project the terms strategic formulation and strategic planning was identified and defined based on nationally recognized definitions.

The second step was to research and define what national criteria for strategic formulation and strategic planning is being used for both public and non-profit organizations.

The third step was to research and define what criteria for strategic formulation and strategic planning fire departments with similar size are using.

The fourth step was to define what the Salem Fire Department criteria would be for our strategic formulation process for strategic planning should be. This step will entail a combination of methods from both the 4 major phases of Breakthrough Strategic Planning process as describe in Michael Crowley & Ellen Domb's book *Beyond strategic vision: Effective corporate action with Hoshin planning* and the 12 steps outlined in Mark Wallace's book "*Fire Department Strategic Planning, Creating Future Excellence*."

Limitations Notes

Three limitations impacted this project. First, time was a limiting factor because the project had a 6-month completion timeframe established by the National Fire Academy (NFA).

Second, the literature was biased towards strategic formulation and strategic planning for business arena. There was relatively little nationally published literature on the criteria to use for Fire Department Strategic Formulation.

Third, the scope of the interview used was limited to asking the fire chief to discuss the issue of strategic formulation criteria for strategic planning for the Salem Fire Department. The intent of the interview was for the author to gather visionary, innovative information relative to how to develop successful strategic formulation criteria for the strategic planning process, which is critical for the organizations success. In addition, because only the fire chief was interviewed, the information may not be considered as a representative of all fire departments. Nonetheless, the information obtained was essential to this research.

Definitions

Criteria – defined as the standard, rule, or test on which a judgment or decision can be based on.

Strategy – defined as “the art of planning and directing military movements and operations of war.” In business, a strategy maps out the future; setting out which products and services you will take to which markets-and how.

Strategic Formulation – defined as the important and/or essential parts (strategy) of a plan of action, which is expressed in systematic terms and concepts.

Strategic Planning – defined as “the continuous process of making present entrepreneurial (risk-taking) decisions systematically and with the greatest knowledge of the futurity; organizing the efforts needed to carry out these decisions; and measuring the results of the expectations through organized, systematic feedback”

RESULTS

The results of the applied research project came from the comprehensive examination of the data published in professional journals, periodicals, books and personal interviews. Strategic planning should be described from several points of view for a better understanding. First, planning deals with the futurity of current decisions. This means that strategic planning looks at the chain of cause and effect consequences over time of an actual or intended decision that a manager must make. Strategic planning also looks at the alternative courses of action that are open in the future, and when choices are made among the alternative courses of action these courses of action become the basis for making current decisions. The essence of formal strategic planning is the systematic identification of opportunities and threats that lay in the future, which in combination with other relevant data provide a basis for an organization making better current

decisions to exploit the opportunities and to avoid the threats. Planning means designing a desired future and identifying ways to bring it about.

A study of two hundred seventy-five portfolio managers reported that the ability to execute strategy was more important than the quality of the strategy itself. These managers cited strategy implementation as the most important factor in shaping corporate valuations and developing a strategy focused organization (Kaplan & Norton, 2001, p. 1). The Salem Fire Department must keep this in mind when developing and implementing its strategy to succeed.

Second, strategic planning is a process. It is a process that begins with the setting of organizational aims, defines strategies and policies to achieve them, and develops detailed plans to make sure strategies are implemented so as to achieve the ends sought. It is also a process of deciding in advance what kind of planning effort is to be undertaken, when it is to be done, how it is to be done, who is going to do it, and what will be done with the results.

Third, strategic planning is an attitude, a way of life. Planning necessitates dedication to acting on the basis of contemplation of the future, a determination to plan constantly and systematically as an integral part of management. Strategic planning is more of a thought process, an intellectual exercise, than a prescribed set of processes, procedures, structures, or techniques. An organization must believe strategic planning is worth doing and must want to do it as well as they can.

Fourth, a formal strategic planning system links three major types of plans; strategic plans, medium range plans, and short range budgets and operating plans. The concept of a structure of plans is also expressed in this definition: Strategic planning is the systematic and more or less formalized effort of an organization to establish basic organizational purposes,

objectives, policies, and strategies and to develop detailed plans to implement policies and strategies to achieve objectives and basic organizational purposes.

During my research for strategy formulation process for this applied research paper I discovered that a number of major companies (Hewlett Packard, Procter and Gamble, General Electric, and Ford Motor Company) used a strategy formulation process called Hoshin or Breakthrough Strategic Planning. The term Hoshin in Japanese means shining pointing arrow (Cowley & Domb, 1997, pp. 16-17). This is a process for identifying the most important strategy for an organization. The Breakthrough Strategic Planning process consists of four major phases.

Phase one involves selecting the breakthrough. The objective of this stage is to establish organizational focus and alignment by creating a vision statement and selecting the key vision element as the current driving issue for an organization. A breakthrough strategy is the most important strategy for an organization in order to achieve its vision for the next year. Vision is an organization's long-term focus on what it would like to accomplish in a given time frame. The vision will also provide an organization with its purpose, values, and operating principles. The first process in this stage involves conducting an analysis of strengths, weaknesses, opportunities, and threats (SWOT), also called an environmental scan. During this stage an organization must also define who, what and where its customers are and what critical processes the organization conducts. Finally, the organization must define what critical trends might affect the organization's way of conducting business. These trends can come from both the industry and outside environments.

After an organization has gathered all this important data, the organization will be able to construct a profile scan. The scan will be able to communicate to an organization what business

they are truly in, and identify their products and markets. The organization should be able to analyze the different customer segments, competitors' strategies, and their strengths and weaknesses. From this important information the organization can identify its core competencies and strategies or as we say, its vision for the next year.

To accomplish this task the organizations had used an Affinity Diagram for gathering and grouping ideas. The purpose of the diagram is to help the Strategy Formulation Team creatively generate a large number of ideas/issues and then organize and summarize natural groupings among them in order to understand the essence of a problem and the related breakthrough solutions. This process encourages creativity by everyone. It also breaks down longstanding communication barriers and encourages non-traditional connections between ideas. Finally, this diagram allows for the development of team ownership and overcomes the team paralysis from the group gaining consensus on the important strategies.

The way an organization can use this process is to phrase the issues under discussion in full sentences. Next, the organization must brainstorm at least twenty ideas or issues. After the twenty ideas or issues are discussed each individual must then generate their ideas without communicating with each other. Then the individuals of the team must organize the ideas simultaneously into five to ten related groupings. For each grouping the team creates a summary or header using team consensus.

The strategy formulation team will take the data generated from the Affinity Diagram process and plot it on a Radar Chart, which allows the team to graphically show one picture of the gaps among a number of current organizational performance areas and corresponding ideal performance areas. How this charting process accomplishes this is by making concentrations of strengths and weaknesses visible. The chart clearly displays the important categories of

performance. If done well, the charting process clearly defines full performance in each selected header or category. Finally, the chart captures the different perceptions of all team members about organization performance.

The Radar Chart process starts with the data generated by the Affinity Diagram. The chart has the appearance of a wagon wheel spoke. The number of spokes equals the number of issues or headers. Then the team ranks all the categories. This part of the process is two-fold: the first part has each person individually rank each category; then they all formulate the master chart by consensus. Next, the team connects the ratings for each category and highlights the chart as needed. Finally, the team interprets the results.

From all of this collected data the team is now ready to develop their breakthrough statement or vision. From this breakthrough statement or vision the strategic formulation team can move into phase two of the overall process.

Phase two of the overall process involves aligning and deploying the organizational plan. A plan needs to be developed on how to implement the breakthrough strategy. This process includes two-way communication up and down the organization. This communication process is called “catchball” (Cowley & Domb, 1997, p. 28-29). The process is based on the old game of catch. A person throws the plan out to the next level and that level returns the plan back to the person with honest and sincere comments. The objective of this process is to broaden the organizational participation and ownership in the planning process. The process also allows the plan to be aligned with the organization for implementation of the breakthrough strategy at every level. The outcome of this phase, if implemented correctly, should be an integrated, reconciled, and communicated plan for achieving the breakthrough strategy. Everyone who will be responsible for implementing the plan participates and achieves consensus on the plan. Finally,

the process allows the results and process measures to be aligned to ensure that proper progress is being achieved by the plan.

Phase three of the process is plan implementation. This phase is perhaps even more important than the deployment phase because many organizations fail to implement a plan after they create it. This process brings together both the daily management responsibilities and breakthrough strategy responsibilities for integrated implementation.

This phase is accomplished by having managers or supervisors draft a list of breakthrough and daily management items in the Implementation Plan worksheet. The breakthrough items come from those items generated in phase two. The daily management items come from the departmental and managerial goal setting conducted throughout the organization on a yearly basis. Each of the new items must include a method to measure the results. These measures will be recorded in column two of the Implementation Plan worksheet. This worksheet will allow all organizational personnel to track the progress of the corporate strategy and identify targets (goals and objectives) we might miss.

Phase four allows an organization to conduct regular self-reviews by those who are implementing the plan and take appropriate action. This action can be either corrective, i.e., to close any gaps in implementation, or changes to the plan.

This part of the process has a cause and effect on learning at every level of the organization by comparing results and measures to process and action measures. Organizational learning can outline what went well and what needs corrective action. Finally, this part of the process brings a sense of closure to the planning cycle and allows for some preparation for the next cycle.

Lastly, the Hoshin planning process instills in an organization a commitment to worthy goals for all members of an organization. This process serves as the best communication vehicle an organization can possess and becomes the focal point for organizational learning. The Breakthrough process sets a common direction for an organization and is very flexible. This avoids one of the biggest obstacles to effective planning, a plan that does not meet the ever changing needs of the organization's working environment.

The second question to be addressed was what are the strategic formulation process criteria for fire departments of similar size? During my research of the strategic formulation process for strategic planning I found the model fire departments were most frequently using for both strategic formulation and strategic planning was the twelve-step model outlined in Mark Wallace's book, *"Fire Department Strategic Planning, Creating Future Excellence."*

The first step in the process is to identify department values. This is an important step for any department to complete whether or not it decides to pursue the whole process. It is important for any organization to determine its core values and mission before they can get their personnel to believe in what they are expected to accomplish. Walt Disney once stated, "we as an organization must make the employees believe that they are part of something magical." (Capodagli & Jackson, 1999, p. 54). Employee knowledge of the core values and mission will help accomplish this. One way to carry out this step is through departmental questionnaires, surveys, and brainstorming sessions. Finally, the value system of those stakeholders (i.e. elected officials, special interest groups, etc.) who are outside the organization needs to be identified and placed in a useful context that allows the organization to grow and succeed. Outside stakeholders may have beliefs and expectations that are unreasonable. If such people are in key

positions having great influence on the organization, these issues need to be dealt with before the process can continue.

The second step of the Fire Department Strategic Formulation and Planning Model involves answering a number of questions and making a number of critical decisions. The way to accomplish this step is to introduce the concept of strategic formulation and planning to your organization. Make sure all personnel know what it is, and how it is going to be done. This will ensure that everyone will be on the same page.

Peter Drucker approached the issue by explaining what is and what isn't strategic planning (1974, p. 125). He wrote that strategic planning isn't simply the application of measurement techniques used in the decision-making process. Strategic planning is a process designed to encourage analytical thinking along with a commitment of available resources to action. Strategic planning isn't a forecasting technique, because it deals with decisions made today. Moreover, strategic planning isn't a technique designed to eliminate risk, since it helps the leadership of the fire department manage the risks that the department must take. Strategic planning is a process that challenges an organization to base decision-making on its values (Wallace, 1998, p. 13).

The third step in the process involves the actual selection of a strategic planning process. It is important for an organization to select a system so that personnel involved in the various phases will know how to proceed. Such a system can be as simple as a skeleton or flow chart, or as detailed a report as necessary.

The fourth step in the process is to identify the department's mandates. During this step, the planning team researches and documents the mandates of the department, both formal and informal. The mandates can consist of OSHA, EPA, DOT, and NFPA regulations and standards.

Other unofficial mandates can consist of budget policies, purchasing guidelines, and policies and procedures recommended by elected officials. Every organization exists for some specific reason. The required functions, programs, and services delivered by organizations are considered its mandates.

The fifth step in the process is developing a mission for the organization. Most fire department organizations have a mission statement--a brief, clear statement on the objectives of the organization. The mission statement must be congruent with both the values and the beliefs of the organization. Its purpose is to provide the guiding light to steer the organization into the future. The mission statement emulates the reason for the fire department's existence. It provides the strong foundation for strategic planning.

The mission statement must contain three components to be successful. The first defines the functions the organization performs. The second states the reasons the organization performs those functions. The third describes how the organization intends to perform those functions.

The sixth step in the process is used to create the philosophy of operations. The values of the organization are often more difficult to clarify than the mission statement. It is more important to develop a clear understanding of the values of the organization, its personnel, and the key stakeholders. The best way to accomplish this is through a series of questionnaires.

By conducting a values audit, the organization can better understand the underlying reasons that people act or react the way they do. Given a chance, most people will react in a manner consistent with their basic values. A clear understanding of an organization's values can go a long way toward helping the organization be successful.

The next phase in the development of step six is an explicit list detailing the philosophy of operations. This document should comply with the organization's standards for directives and

policies. Once the list detailing the philosophy has been developed, the planning team must codify it into a formal statement as a philosophy of operations. This document should fit the department's standards and policies. Finally, once the philosophy of operations is in its final form, it is time to formally decide to operate as an organization according to its new standards of performance.

The seventh step in the process deals with assessing the opportunities and threats of the organization's external environment. Those elements included in the external environment are more than just the citizens of the community. The external environment also involves the threats and opportunities posed by clients, customers, and payers of the organization. The strategic planning team should also classify such threats and opportunities posed by competitors and collaborators, whether potential or real.

A recommended phase in this step is the assessment of the external environment and the completion of a stakeholder analysis. Bryson writes, "The key to success in public and nonprofit organizations is the satisfaction of key stakeholders" (Bryson, 1995, p. 52). While conducting the stakeholder analysis the planning team should be able to answer six fundamental questions: 1. Who are we as an organization? 2. What are the basic social and political needs and problems that the fire service needs to address? 3. How do we recognize, anticipate, and respond to those needs and problems? 4. How should we respond to our key stockholders? 5. What is our philosophy and what are our core values? 6. What makes us distinctively different as an organization? The answers to these questions will go a long way in assessing an organizations external environment.

The eighth step in the process deals with assessing the strengths and weakness of the organization's internal environment. There are three considerations in determining the strengths

and weaknesses of an organization. The organization must monitor its available resources (inputs), its present strategy (processes), and its performance (outputs). The planning team can complete this step in a less formal manner than its study of its external environment. The measures of performance must depend on the organization being able to identify and document valid performance criteria.

The ninth step in the process deals with identifying the strategic issues of the organization. This step of the procedure entails identifying the fundamental policy issues that are designed to meet the organization's mandates, mission, values, and operational performance. All of the issues identified by the strategic planning team will include some form of conflict involving the organization. These conflicts may be in terms of ends (what), means (how), philosophy (why), location (where), timing (when), or people, i.e., groups that might be affected by different ways of resolving an issue (who). To be successful the strategic planning team must describe each strategic issue clearly and concisely, preferably in one-paragraph statements.

Next, the planning team needs to identify the policies affected by the issue, taking into account the mandates, mission, and values. Also the strategic planning team must consider the external and internal environmental analysis. "Every effective strategy will build on strengths and take advantage of opportunities while it minimizes or overcomes its weaknesses and threats" (Wallace, 1995, pp. 22-23).

The tenth step in the process creates strategies for strategic issues. The best way to accomplish this step of the procedure is for the strategic planning team to use a specific strategic development process. The first part of the strategic development process involves identifying the alternative approaches that seem practical or the visions that may help resolve the strategic issues.

Next, the strategic planning team must explore the obstacles to the alternatives that were considered in the first part of the strategic development process. The third part of the process develops the best proposals for achieving each alternative approach or vision, either directly or indirectly by dealing with the obstacles to success. During this phase of the process, select the best alternative approach and carry it forward. The selected strategies must be technically workable, politically acceptable to the key stakeholders, and must be in accordance with the organization's philosophy and core values.

The strategic planning team must look one to five years into the future to identify those actions necessary to implement the alternative approaches that you have selected. In the final part the strategic planning team prepares a detailed work plan designed to implement the actions that the organization will select during the ensuing six to twelve months.

The eleventh step in the process creates your organization's ideal future through proactive visioning of the organization's future. In this step the strategic planning team develops a statement that describes the organization when it achieves its full potential. This vision statement should be clear and concise, with a length of only a few pages. The vision statement typically includes the organization's mission statement, its basic strategies, its performance criteria, any important decision-making rules, and the ethical standards expected by all of the organization's personnel. In any case, the organization's vision statement should focus on a better future; encourage hopes and dreams; appeal to the organization's common values; state positive outcomes; emphasize the strength of a unified group; use word pictures, images, and metaphors; and communicate enthusiasm and excitement.

The twelfth and final step in the process converts a strategic prospective plan into an operational plan. The final step of the strategic planning model takes all of the information

developed in the previous steps and converts it into a new reality for the organization. The important question the strategic planning team must now answer is how do we get there from here? The organization must now implement and use continuous improvement for the plan to be successful.

Krug and Oakly in their book, *Enlightened Leadership*, have developed a so-called framework for continuous improvement. This framework provides a six-step process to create that ideal future (1991, p. 88). The process includes the following: 1. The organization must constantly look for the little successes that they are currently experiencing; 2. The organization must constantly analyze extensively what you are doing to cause these important successes; 3. The organization must refocus again and again on the strategies, visions, and strategic issues of the organization; 4. The organization must continually help all of the key stakeholders be clear on the benefits of the strategies and strategic issues; 5. The organization must continually search for what could be done to move closer to the organization's vision of the future; 6. The organization should celebrate successes, and then go back to create the experience over and over again.

Finally, operational plans must look at results for the future. When for any reason an organization cannot reach its desired objective, the organization can simply rewrite its plans and alter the future expectations. The strategic plan provides a strong foundation for operational plans and provides an ideal future state that is relatively constant. Combining both the strategic and operational planning provides a viable methodology of strategic management.

The third question to be addressed was what are the strategic formulation process criteria for the Salem New Hampshire Fire Department. The current strategic planning process operates in such a way that the Town Manager can call the fire chief on Thursday and tells him that he

needs him to make a presentation next Monday night at the Board of Selectmen meeting relative to proposed purchases of equipment for next year's budget. Basically, the strategic formulation process for strategic planning does not exist. The Salem New Hampshire Fire Department needs to set out to change this philosophy.

DISCUSSION

One inextricable and interwoven function of the fire service is planning, especially strategic planning. Planning is an administrative process that has become increasingly prominent as a sign of good management principles. An organization that does not plan is thought to be reactive, shortsighted, and rudderless. Planning has become a function that an organization must conduct periodically to maintain its legitimacy with both its internal and external customers. A plan is a badge of honor that organizations wear conspicuously and with considerable pride (Bolman & Deal, 1984, pp. 176-77).

Strategic formulation and planning is essentially a long-range planning effort that maps out the future success of an organization. Early generations of administrators never really thought of themselves as strategic planners. They were visionaries who knew that today's decisions affected the future success of the organization. Strategic planning must be a vital component of the planning process for a fire department organization to have a successful existence and survival. This philosophy is demonstrated by strategic planning experts such as John Bryson (1995, p.3), Leonard Goodstein (1993, p.1), and George Steiner (1997, p. 1). Well-known authorities in both the business and fire service profession credit strategic planning as being an essential part of an organization's operational life and visionary path (Carter & Rausch, 1989, pp. 6-7 and p. 298 and Grant & Hoover, 1994, p. 324).

During my research I found that strategic plans come in all sizes and shapes. There are numerous models for strategic formulation and planning, each with a varying number of steps. Regardless of the plan or model chosen there were some basic common components in each. These included having a set process, products or services offered, target markets, alternative approaches, and accurate information (Brown Jr., 1996, p.5; Carter & Rausch, 1989, p.39; Grant & Hoover, 1994, p. 326; Steiner, 1997, p. 53). Human Resource expert Joan E. Paynes (1997) goes beyond identifying commonalities in the various types of strategic formulation and planning models. Ms. Paynes suggests that regardless of the plan or model used plans and planners must ask the following six questions: “(a) Why does the organization exist? (b) What contribution does the organization make? (c) Who are the customers/clients now and in the future? (d) How can the current operations of the organization be characterized? (e) What are the key assumptions supporting current operations? and (f) What are the organizational core competencies and how can they be maximized?” (p. 20).

Based on the results of the research, the Salem New Hampshire Fire Department would greatly benefit from a strategic formulation and planning process. This planning process will provide a safety net for the organization as it moves forward in delivering the highest level of service to the community at a reasonable cost. A well-developed plan and process will enable the Salem New Hampshire Fire Department to meet the need for all current and future requirements for service delivery in the community.

RECOMMENDATION

Based on the knowledge acquired in this applied research project I must conclude that the strategic formulation process criteria for the Salem New Hampshire Fire Department should include the nationally recognized criteria of *The Hoshin Breakthrough Strategic Planning* and

Fire Department Strategic Planning, Creating Future Excellence by Mark Wallace. This recommended process should contain six steps in mapping out the fire department's future success.

The first step consists of an analysis of department information to understand the current and future positions. During this first step we will pick and coordinate the planning team, define what the definition of strategy is, and why it is important to have one. This part of the process can be used to develop a culture for organization learning to take place. Organizational learning must take place in order for an organization to remain healthy. Some of the tools we will use to accomplish this process include Affinity Diagramming, Brainstorming, and the Radar Chart.

From the data collected from the first step the Salem New Hampshire Fire Department will proceed to the second step and pinpoint its competitive advantage. The first process in this stage conducts a *Strengths, Weaknesses, Opportunities, and Threats* (SWOT) analysis or an environmental scan. During this stage the organization must define what critical processes the organization conducts. Finally, It must define what critical trends might affect the organization's way of conducting business. These trends can come from both within the industry and from external customers.

The third step in the Salem New Hampshire Fire Department strategic formulation process consists of defining the scope of its products and the markets that it operates in. With the ever-changing role of the fire service it must be able to adjust to the needs of its customers if it is going to survive. During this stage of the process an organization must also define who, what and where are its customers. The planning team should be able to answer six fundamental questions: 1. Who are we as an organization? 2. What are the basic social and political needs and problems that the fire service needs to address? 3. How do we recognize, anticipate, and respond

to those needs and problems? 4. How should we respond to our key stockholders? 5. What is our philosophy, and what are our core values? 6. What makes us distinctively different as an organization? Based on the answers to these questions we as an organization can decide and define what our product is and the markets we operate in.

The fourth step in the Salem New Hampshire Fire Department's strategic formulation and strategic planning process is to decide as an organization where it wants to focus its resources. The strategic planning team must look one to five years into the future to identify those actions necessary to implement the alternative approaches that it has selected. This is the part where the strategic planning team prepares a detailed work plan designed to implement the actions that the organization will select during the ensuing six to twelve months. This important step in the process is to create the organization's ideal future through proactive visioning of the organization's future state. In this step the strategic planning team develops a statement that describes the organization when it achieves its full potential. This vision statement should be clear and concise, with a length of only a few pages. Typically, the vision statement includes the organization's mission statement, its basic strategies, its performance criteria, any important decision-making rules, and the ethical standards expected by all of the organization's personnel. In any case the organization's vision statement should focus on a better future; encourage hopes and dreams; appeal to the organization's common values; state positive outcomes; emphasize the strength of a unified group; use word pictures, images, and metaphors; and communicate enthusiasm and excitement.

The fifth step in the Salem New Hampshire Fire Department's strategic formulation and strategic planning process involves identifying, prioritizing, and implementing the plan. Organizations can recognize that competitive advantage comes more from the intangible

knowledge, capabilities, and relationships created by employees than from investments in physical assets and access to business capital. Kaplan and Norton describe in their book, *The Strategy Focus Organization* (2001, p. 3), “Strategy implementation requires that all business units, support units, and employees should be aligned and linked to the organizational strategy.”

Where organizations fail is not in the developing phase of strategy formulation and strategic planning. They fail in the implementation of the final plan. In the early 1980’s a survey of management consultants reported that fewer than ten percent of effectively formulated strategies were successfully implemented. More recently a 1999 Fortune magazine cover story of a prominent Chief Executive Officer’s (CEO) failures concluded that the emphasis placed on strategy and vision created was not all that was needed to succeed. (Kaplan & Norton, 2001, p.1) In the majority of the cases, the authors estimate seventy percent of the problem is not that the strategy was bad but rather the organization failed to implement the strategy correctly. Thus, with failure rates reported in the seventy percent to ninety percent range, I have come to realize that execution is more important than just a good vision.

This step in the process brings together both the daily management responsibilities and breakthrough strategy responsibilities for integrated implementation. This step is accomplished starting with supervisors drafting a list of strategic and daily management items. Each of the new items must include a method to measure the results. These measures will be recorded in an Implementation Plan worksheet. This worksheet will allow all organizational personnel to track the progress of its organization’s strategy and what targets (goals and objectives) it might miss.

The sixth and final step in the Salem New Hampshire Fire Department’s strategic formulation and strategic planning process continuously monitors performance and reviews its organizational strategy. As an organization it will conduct regular self-reviews by those who are

implementing the plan and take appropriate action. These actions can be either corrective to close the gaps in implementation or changes or revisions to the plan to meet new customer needs.

This part of the process can have a positive cause and effect on learning at every level of the organization. It can accomplish this by comparing results and measures to process this new organizational learning, outline what went well, and what needs to have corrective action.

Finally, this part of the process brings a sense of closure to the planning cycle and allows for some preparation for the next cycle.

Future readers of this document should be able to use this research for justification to develop a strategic formulation and planning process.

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